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SUMMARY RECORD OF THE 5th MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 11 May 1994, at 10 a.m.

President: Mr. EL HUSSEIN (Sudan)
later: Mr. ARCILLA (Philippines)

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The meeting was called to order 10.25 a.m.

INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES IN THE 1990s (continued) (IDB.12/6)

ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES (continued) (IDB.12/3)

1. Mrs. LJUJIC-MIJATOVIC (Observer for Bosnia and Herzegovina) said that the war in her country had caused such enormous loss of life, destruction and suffering that it was difficult for it to give proper thought to reconstruction. Her Government nevertheless realized that it should not delay the necessary long-term planning and that reconstruction should take place in stages. The process would be more successful if backed by foreign capital. Its effectiveness would depend on the pursuit of basic strategies aimed at the following objectives: the creation of a self-reliant economy; the greatest possible integration of the country into the international division of labour; the reorganization of its economic structure for the benefit of sectors which were labour-intensive, sectors relying on local raw materials and sectors employing modern technology; the accelerated development of a new range of economic activities; the solution of the socio-economic problems of refugees and exiles; and, as a matter of priority, the development of the economic infrastructure and the improvement of living conditions, with an emphasis on the repatriation of refugees.

2. As far as the economy was concerned, priority would be given to four areas of activity. The first was development of the infrastructure, which in most cases meant the total reconstruction of the country's road, rail and air traffic networks, its electricity, water and gas supplies and its telecommunication system. Secondly, it would be necessary to reactivate as quickly as possible the traditional sectors of production, such as food, textiles, building materials, toilet articles, cosmetics, pharmaceuticals, medical and orthopaedic supplies, agricultural products, domestic goods and footware and other leather goods. The third area would be the expansion of production on a long-term basis in order to further the country's economic development; that might mean a departure

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from the pre-war economy, with an emphasis on sectors in which Bosnia and Herzegovina had a comparative advantage, and consequently the need for assistance from developed countries in planning and introducing a new economic system. Finally, it would be important to redevelop the country's financial sector and create a modern banking system capable of rescheduling the loans granted before the war started.

3. She hoped that UNIDO and its Members would play a constructive role in the rebuilding of her country.

4. Mr. ABDALLA (Sudan) commended the Director-General for his report on the item (IDB.12/6), which described the action taken by UNIDO to assist the industrialization of the least developed countries in accordance with General Conference resolution GC.4/Res.10 and Board decision IDB.11/Dec.13. The Organization had also to implement the Paris Declaration and Programme of Action of the Second United Nations Conference on the Least Developed Countries. Much remained to be done to further industrial development in those countries, in which industrial production had risen by only 6.4 per cent since the beginning of the decade, and in which economic and social conditions were worsening, especially in Africa. Although they possessed suitable raw materials, the least developed countries had been unable to create an adequate industrial base for more rapid development. Despite their efforts to move from a command economy to a market one, they were held back by lack of technological know-how. They looked especially to UNIDO to provide them with consultancy services which would help overcome that problem.

5. The second ministerial Symposium on the Industrialization of the Least Developed Countries had adopted recommendations whose implementation could improve their situation. Crucial elements in that process were a regular flow of financial resources for the implementation of the Paris Declaration and Programme of Action, the mobilization of the human resources of the least developed countries, which entailed adequate training of their nationals, and the transfer of technology to those countries. It was essential to expand industrial production in the least developed countries in order to narrow the gap between them and the developed nations. The Organization, with support from donor countries and other development agencies, had a major role to play in carrying out that difficult task.

6. Mr. LEE (Republic of Korea) expressed satisfaction at the work done by UNIDO to promote the industrialization of the least developed countries. Those countries had made commendable efforts themselves in restructuring their economies through far-reaching structural adjustment programmes. Despite those efforts, however, their level of industrialization remained low, because they lacked skilled human resources and industrial infrastructure. It was crucial that international assistance should be directed towards remedying that situation and that UNIDO should do more to help the least developed countries expand their human resources, technology and support services for industry. His delegation commended UNIDO for the action it had taken in 1993 to promote economic and technical cooperation among developing countries (ECDC/TCDC), especially in regard to investment promotion and technology transfer. The Organization should devote more resources to its ECDC/TCDC work and explore the possibility of attracting increased funds for it from donor countries. His delegation reiterated the request made to the Director-General in General Conference resolution GC.5/Res.10 to seek information from developing countries on their needs and capabilities in the field of industrial development. UNIDO could play a useful part in the collection, analysis and provision to developing countries of information on potential areas for ECDC/TCDC in industry. ECDC/TCDC should focus on promoting regional cooperation as well. Activities initiated by UNIDO, such as the training programme for experts, should be action-oriented in order to achieve practical results.

7. Mr. ARASTOU (Islamic Republic of Iran) fully supported the views expressed by the Director-General in his report on industrializatio of the least developed countries (IDB.12/6). UNIDO should implement the recommendations made by the second ministerial Symposium on the Industrialization of the Least Developed Countries. With regard to economic and technical cooperation among developing countries (ECDC/TCDC) his delegation approved the contents of the report on that item (IDB.12/3) and believed that ECDC/TCDC should be a major priority of the restructured UNIDO. It should be expanded both multilaterally and bilaterally and his Government's policies were directed towards that end.

8. In the pursuit of regional South-South cooperation, an agreement had recently been signed in his country between the Economic Cooperation Organization (ECO) and UNIDO. He hoped that UNIDO would cooperate closely with ECO, especially in the environmental sector. He thanked the Director-General for his commitment to the success of the agreement.

9. The level of cooperation between his country and UNIDO in regard to TCDC had increased, a major feature having been the Consultation on Downstream Petrochemical Industries held in Tehran in November 1993. The recommendation made by the Consultation with regard to the work to be done by UNIDO should be implemented.

10. His Government was ready to participate in the establishment of an Industrial Promotion Service office in Teheran.

11. Mr. KOUAME (Côte d'Ivoire), referring to the problems of the least developed countries, said that UNIDO was not making its full contribution to implementing the programme for the Second Industrial Development Decade for Africa. In terms of staff deployment alone the programme was not receiving the attention it deserved, having been relegated to the level of a mere sectoral programme. He asked the Managing Director of the Country and Programme Division to explain what UNIDO was doing to assist the general development and industrialization of Africa and the least developed countries.

12. Mrs. MACHADO QUINTELLA (Brazil) expressed the hope that UNIDO would do more to act on the recommendations of the second ministerial Symposium on the Industrialization of the Least

Developed Countries. The Organization should make more resources available for projects in those countries - without prejudice to its assistance to other developing countries - in order to make up for the significant decrease in project approvals for the least developed countries in 1993.

13. With regard to economic and technical cooperation among developing countries (ECDC/TCDC), her delegation hoped that the position of that activity in the new UNIDO organizational framework as part of the Industrial Cooperation and Consultations Service of the Investment and Technology Promotion Division would help to increase the relevance, cost effectiveness and sustainability of the Organization's projects. ECDC/TCDC could be not only an effective means of mobilizing resources but also a source of savings for UNIDO itself. Since the different sectors of industry were not equally advanced in all developing countries, some of them could profit from the experience of others; recipients of ECDC/TCDC could improve their industry relatively cheaply while its suppliers, by providing it, could expand their own technological capacity.

14. Her delegation expressed the hope that more Brazilian experts would be recruited for UNIDO's technical cooperation activities.

15. Mr. AL-ZEID (Saudi Arabia), speaking on agenda item 6, said that the course of international events had made it clear that the hopes of the least developed countries for a better future could only be realized through coordination among themselves and within their regions with a view to forming integrated blocs for industrial purposes, drawing on the raw materials at their disposal. It was a project that he hoped UNIDO, with the assistance of the industrialized countries, would support.

16. Obviously, UNIDO could not be expected to put an end to the terrible inequalities in the distribution of wealth and in economic growth rates between the wealthy industrialized countries and the LDCs. According to the United Nations Human Development Report for 1992, annual average per capita income was $20,570 in the rich countries and $350 in the poor countries and the wealth of the former countries exceeded that of the latter 150-fold. International indebtedness and high interest rates were a heavy burden on the developing countries in general and the LDCs in particular, compounding the difficulties they encountered in implementing the structural reforms imposed by the World Bank and donor countries. He firmly hoped that UNIDO would be able to carry into effect the ideas and solutions set forth in its documents.

17. Saudi Arabia had not stood idly by as the situation in the LDCs deteriorated. It was supporting the development of their national industries both bilaterally and through its annual donation to the Industrial Development Fund. His delegation urged UNIDO to do its utmost to mobilize funds from reliable sources to implement the Industrial Action Programme for the Least Developed Countries. It further called on the donor industrialized countries to provide maximum material and technical support to the LDCs for industrialization in coordination with UNIDO.

18. Mr. SINGH (India) said that his delegation broadly agreed with the programme in support of the industrialization of LDCs outlined in paragraph 4 of document IDB.12/6, adding that UNIDO's impact would be enhanced by the new approach of operating within a country programming framework. Developing countries such as India were well placed to assist the LDCs in such areas as human resource development and small- and medium-scale enterprises.

19. His delegation attached very great importance to ECDC/TCDC and feared that the staff resources available for that purpose in UNIDO might be inadequate. It urged the Secretariat to press ahead with the implementation of General Conference resolution GC.5/Res.10, especially through the development of data banks and information on developing countries' needs and on the potential that could be exploited for ECDC/TCDC. Networking with data banks in other organizations was also important.

20. His delegation felt that UNIDO's efforts to use more experts, equipment and services from developing countries in its technical cooperation activities should be intensified, with regular updating of lists and details of suppliers. Requests for offers of equipment and services should be publicized well in advance in the media and sent to major business organizations and permanent missions. Enterprises in India were being encouraged to register with UNIDO and send representatives for direct discussions with UNIDO officials.

21. India would be glad to cooperate with UNIDO in promoting closer links between more industrialized developing countries and LDCs. It looked forward to receiving more details on the programme. His Government was funding several South-South cooperation projects under its contribution to the IDF. Bilaterally, it ran an ongoing programme of Indian Technical Economic Cooperation (ITEC), which was currently being reviewed to improve its effectiveness, and a Special Commonwealth African Assistance Programme (SCAAP). Under those programmes it provided assistance in technical training, rural development, small-scale industries, banking, electronics, hand-tool design, solar energy and other areas. Study tours from developing countries to Indian institutions had been organized. Technical cooperation in 1993 had amounted to the equivalent of about $49 million.

22. At the multilateral level, India had been host to the fourth summit of the Group of 15 developing countries in March 1994. The Group sought to develop industrial projects and business interaction among the developing countries, using voluntary contributions from the member States. A South Investment Trade and Technology Data Exchange Centre was being developed by Malaysia. India was implementing projects for a vocational training centre, a gene bank for aromatic plants and solar energy applications. Other projects included a South-South Renewable Energy Promotion Centre and a Petroleum and Petro-Chemicals Corporation. Alongside the summit, a private-sector business forum with representatives from the same countries had been held to promote trade, investment and technology transfer. The summit

had decided to establish a committee on trade, investment and transfer of technology with strong ties to the private sector and to step up cooperation on small-scale industries, especially in Africa, through appropriate projects.

23. His delegation suggested that UNIDO could do more to promote economic and technical cooperation among developing countries by holding regular seminars and workshops for UNIDO staff to familiarize them with ECDC/TCDC as an instrument of technical cooperation. The organization should make full use of the opportunities offered by strong economic growth in some developing countries to build industrial and technical cooperation among the group as a whole. India would fully support it in that task.

24. Mr. SAAD (Qatar), speaking on item 8, said that the Director-General's recent proposals for reordering UNIDO's priorities in the light of General Conference resolution GC.5/Res.18 were of key importance for consolidating the Organization's coordinating role in industrial development in the United Nations system and meeting the urgent need for economic and technical support among developing countries. His delegation welcomed the placement of the ECDC/TCDC function within the Investment and Technology Promotion Division and its linkage with the International Cooperation and Consultations Service, a move that would underpin the programme for investment promotion and technology transfer.

25. UNIDO's programme for ECDC/TCDC, if fully supported by Member States, would help to promote the rational use of the human, material and financial resources and technology available in the developing countries. His delegation therefore welcomed the increase in contributions for that purpose to the Industrial Development Fund as well as the trend towards increased financing from the Regular Programme of Technical Cooperation.

26. In UNIDO's technical cooperation projects, priority should be given to human resource development and greater use should be made of experts, services and equipment from developing countries. The figure of 45.3 per cent for national experts assigned to projects in developing countries mentioned in the annual report for 1993 was a good start and he hoped that the trend would continue.

27. Investment promotion forums played an important role in ECDC/TCDC. The two workshops organized to prepare for investment forums to be held in 1994 for the Arab countries and the Black Sea countries had been particularly useful.

28. The technology transfer programme was one of the most responsive to the needs of developing countries. UNIDO was well placed by virtue of its basic structure, its expertise and its contacts to provide valuable assistance in that area.

29. International and regional intergovernmental organizations played an important role in the promotion of ECDC/TCDC. His delegation welcomed the increased cooperation in the Arab region with the Economic and Social Commission for Western Asia (ESCWA) and the Arab Industrial Development and Mining Organization in implementing training programmes and organizing workshops for the development of cooperation among the countries of the region.

30. Mr. BOLIVOGUI (Guinea) thanked the Secretariat for the attention it brought to bear on the development problems of the least developed countries. UNIDO had spared no effort to implement the Paris Declaration and Programme of Action. The reform at present taking place in its organizational framework and staff structure would help to enhance the impact of its assistance to those countries. It was essential, however, that it should take account of the common position of the African countries on the subject.

31. His country valued the assistance it received from UNIDO in its industrial development. Examples were a project for the strategic management of industrial development and a project for small and medium-sized enterprises and industries. The results of the latter project were a source of inspiration for other countries whose economic situation resembled that of his own. Guinea looked forward to the approval of two further projects in the preparation of which it had received support from UNIDO, namely, a project concerning women entrepreneurs, funded by UNDP and the African Development Bank, and a project dealing with negotiation and transfer of technology. Those projects met the Organization's aims of mobilizing human resources and integrating women into development.

32. His Government greatly appreciated the services rendered by field staff in Guinea and urged the Secretariat to strengthen the Country Director programme as a means of increasing the effectiveness of UNIDO's technical assistance to developing countries and especially to the least developed countries.

33. Mr. PUTHO (Thailand) said that his country would continue to support UNIDO's activities relating to ECDC/TCDC and assistance to LDCs. Given that Thailand was a more advanced developing country, his Government had changed its role to that of a contributor in the context of South-South cooperation, setting aside an increasing part of the annual budget for that purpose. The main beneficiaries under the Thai Aid Programme were LDCs, mainly those in the Indo-Chinese Peninsula and in Africa.

34. His delegation hoped that UNIDO would be able to find resources to continue the development of an LDC information system, a project that had had to be shelved for lack of funds.

35. Thailand made a general-purpose non-convertible contribution to the International Development Fund each year and intended to increase it in the years ahead. It supported UNIDO in its efforts to find new sources of financing, particularly for ECDC/TCDC, in order to counterbalance the sharp decline in funding by several major IDF donors. It also supported the increased use of experts, equipment and services from developing countries in technical cooperation projects.

36. Mr. DE MARIA Y CAMPOS (Director-General) reaffirmed that UNIDO attached great importance to the development of LDCs. It had for that reason organized the Symposium for the Industrialization of the Least Developed Countries in Yaoundé concurrently with the General Conference. It had emerged that the basic issue was one of funding. Support for the LDCs had stagnated in many cases and had actually declined in others, and it was

distressing to note that the number of LDCs was increasing each year. He was therefore convinced that a new strategy was essential with respect to fund-raising among other matters. The indigenous institutional capacity of those countries in terms of human resources had to be strengthened as a prerequisite for self-sustaining development.

37. He was pleased to note that not only developed countries but countries such as India, China, Saudi Arabia, Thailand and many others had been making specific contributions to the Industrial Development Fund that could be used for programmes on behalf of the LDCs. At all events, Member States could rest assured that UNIDO would give very special attention to those countries, changing its perhaps unduly generalized strategy to focus on regions, subregions and individual countries.

38. Turning to economic and technical cooperation among developing countries, he said that it had been decided to integrate the ECDC/TCDC unit into the general system of cooperation and consultation with a view to identifying concrete projects and mobilizing funds among developing countries. With the help of its Member States, UNIDO hoped to achieve results first and foremost in terms of investment, transfer of technology and the solution of environmental and energy problems. Some thought had already been given to possible strategies for cooperation in the different regions and subregions. The representative of the Islamic Republic of Iran had mentioned a recent meeting with the Organization for Economic Cooperation and Development (OECD) to look for ways of strengthening cooperation between UNIDO and the members of that Organization. Similar consultations had taken place with Arab countries and an agreement was about to be signed with the League of Arab States. UNIDO was also working with the various regional commissions, considering new plans for the exchange of information and specific programmes to speed up regional industrialization.

39. UNIDO attached particular importance to the increased use of experts, services and equipment from developing countries, but the basic problem was one of coordination with national offices that were in a position to provide experts. It was hoped to establish a programme of action to improve coordination with those offices, and he asked all Member States to assist him in that process.

40. Mr. LATORTUE (Managing Director, Country Strategy and Programme Development Division) said that UNIDO's activities for the industrialization of the least developed countries were closely guided by the Paris Declaration and Programme of Action and by the decisions of the fifth General Conference. They fell into three broad categories. The first was the development of human resources in the least developed countries, including training in the preparation and evaluation of industrial projects. In many of the countries concerned, projects had failed to yield the desired results because of the lack of feasibility studies at the outset. The second category covered the promotion of the role of the private sector in the industrialization process. Activities in support of privatization took three different forms: support for institutions, both governmental and non-governmental, which fostered the growth of the private sector; support for private enterprises themselves and for activities to boost the competitiveness of private enterprises in the least developed countries; and help in the acquisition and transfer of technology. As far as the last was concerned, because the least developed countries were often exploited when seeking to acquire new technology, a special programme had been established by UNIDO to train local people in the skills required to negotiate the acquisition of technology. Finally, UNIDO was actively involved in investment projects. In order to accelerate the pace of industrialization in the third world, and especially in the least developed countries, investment promotion and the creation of new enterprises, together with industrial rehabilitation, must play a much more significant role, both in the private and in the public sector.

41. Reference had been made to the need to develop the processing of natural resources in the least developed countries, where investment was lacking and productivity was low. With that in mind, it was hoped to organize regional meetings for those countries, to enable them to collaborate in the fuller development of their own resources. Because of the ongoing process of liberalization in international trade, it was vital for their industries to be competitive. To that end, UNIDO provided major support in cooperation with other concerned agencies and the regional commissions in Africa, Asia and in the Arab world. UNIDO was also working actively with the Food and Agriculture Organization in the field of agro-industry and with the World Health Organization in the use of medicinal plants, an area in which many of the least developed countries possessed valuable expertise.

42. On the question of financial resources, it was important to persuade the traditional donors to increase their contributions, but also mobilize additional funds from other developing countries. The representatives of Brazil, China, India and Thailand had already mentioned their specific contributions, and he expected dialogue with those countries to increase. A special unit had been established within UNIDO to mobilize funds for resource development. Its mandate would not be confined to eliciting funds from the traditional donor countries; it would strive to operate in the light of the priorities defined by the least developed countries themselves.

43. Turning to the Second Industrial Development Decade for Africa, where most of the LDCs were, he said there seemed to be a superficial impression that the Organization was attaching less importance to the Decade than in the past, owing to the relocation of the office responsible. However, that was due to the restructuring exercise within the Organization. The main task now was to create a unified approach to the Decade, so that it would show results in terms of programmes as well as funds. There was every intention on the Secretariat's part that the Decade should make a successful contribution to the industrialization of the continent.

44. With regard to economic cooperation among developing countries, all Member States were in favour of encouraging it. The problem was how to

avoid an over-narrow interpretation of South-South cooperation, which had wrongly been associated with a single section in the Organization. The scope of economic cooperation among developing countries had now been expanded to include South-South cooperation, resulting in a much more coherent programme, which he was sure would yield good results. UNIDO would be maintaining a high level of activity in South-South cooperation, an area in which it could make an effective contribution to the industrialization of the third world.

45. Mr. ARASTOU (Islamic Republic of Iran) referred to the effective cooperation which had taken place recently between the Division and his own Permanent Mission. He expressed his gratitude to the Managing Director for his efforts on behalf of the least developed countries.

UNIDO'S CONTRIBUTION TO THE SYSTEM-WIDE ACTION PLAN ON DRUG ABUSE CONTROL (IDB.12/4)

46. Ms. TCHEKNAVORIAN-ASENBAUER (Managing Director, Industrial Sectors and Environment Division) explained that UNIDO's activities in support of the Action Plan constituted a sub-activity within its environment programme. She stressed the importance of the crop substitution programme. Farmers must be offered an economic incentive to replace the cultivation of illicit drug plants by other crops, and those new crops must be competitive on the market. Spices and medicinal plants made good substitutes. It was equally important to develop the rural infrastructure, so that the farmer was able to market his produce and earn an income from it. She pointed out that the farmers' current income from the cultivation of poppies or coca was only 6 per cent of their market value; in Asia and Latin America, the yield from one hectare sold for $2,000. Since the farmer's percentage was so small, he would be prepared to switch production to a crop yielding him a higher proportion of its market value. The crop substitution programme included training for farmers, and especially for women, who were also involved in the cultivation of illicit drug crops. It also focused on building up the agro-industrial sector.

47. In view of UNIDO's experience in the agro-industrial sector, it had been approached by UNDCP during 1993 to join in an ongoing programme in Bolivia, involving 11 agro-industrial complexes. The eleven plants had been running with operating losses of $100,000 per month. Once UNIDO had entered the picture, the losses had been reduced by 70 per cent to $30,000 per month. UNIDO had made changes in the management, the product range and the technology, and several viable industries would soon be in place. UNIDO was also contributing to the privatization of rural industries. In Bolivia, five of the 11 existing agro-industrial concerns would be transferred to private hands during 1994.

48. Environmental protection was an important issue in the field of drug abuse control, since farmers tended to use undue amounts of pesticides when new crops were introduced. According to chapter 19 of Agenda 21, the use of pesticides must be cut back to appropriate kinds and amounts, in view of the toxic chemicals involved and their negative impact on human health and the environment. In addition, the new agro-industries must be capable of disposing of the waste generated by processing in an environmentally-friendly way.

49. UNIDO had passed another milestone the previous week during the International Conference on Chemical Safety, Stockholm, where a proposal had been made to include UNIDO as the sixth agency along with ILO, WHO, UNEP, FAO and OECD in the International Programme for Chemical Safety.

50. Two projects funded by UNDCP were now being executed in Bolivia: a project for agro-industrial development in the Chapare region, at a cost of US$ 2,567,000, and a programme for alternative development and rehabilitation in Planta Milka, at a cost of US$ 1.6 million. Iran and Pakistan had just signed an agreement with UNDCP for a similar programme costing $2.5 million, for which UNIDO was to be the implementing agency.

51. In addition to illicit drug cultivation, there was a problem in India arising from excess stocks of licitly-cultivated poppies. Unless the surplus stocks were appropriately used, for instance in making pharmaceuticals and chemicals, they could be diverted to illicit traffic. UNIDO's assistance had been requested for that purpose.

52. The need of rural areas for industrial development must be borne in mind. It was crucial to alleviate poverty in such areas if illicit cultivation of drug plants was to be prevented. Where there was no industrial infrastructure and education was lacking, poverty was a constant threat. The Agro-based Industries Branch within her Division was willing to discuss with delegations the possibility of specific programmes to alleviate poverty and provide technical assistance in rural areas, not only under the drug abuse control programme, but in general in rural industrial development.

53. Mr. SOLENDIL (Turkey) welcomed UNIDO's contribution to the System-Wide Action Plan on Drug Abuse Control. Turkey, in cooperation with UNIDO, had carried out a training programme on the small-scale utilization of medicinal and aromatic plants at the Medicinal Plants Research Centre at Eskisehir, in September 1993. Participants from 12 developing countries had attended the course, which covered the cultivation and processing of medicinal and aromatic plants, with a view to enabling participants to initiate alternative development activities. Courses had also been held on the detection and analysis of narcotics and psychotropic substances, to help participants to assist law enforcement bodies in their task.

54. Mr. BOUTOS (Greece), speaking on behalf of the European Union and its member States, expressed special appreciation for the contribution made by UNIDO to the System-Wide Action Plan. To the Organization's credit, it was one of only seven United Nations bodies which had submitted to UNDCP their agency-specific implementation plans before the publication of the update to the Plan two months previously. UNIDO had met in full its obligations under the Plan: the integration of drugs-related elements into its

activities where appropriate; consideration of the Plan at the IDB; and the submission of annual reports to UNDCP. He welcomed UNIDO's efforts to coordinate its activities with UNDCP, and hoped it would continue to work closely with the Programme. He wondered whether UNIDO could make available to Member States details of its evaluation reports on its drug-related activities, with a view to ascertaining whether such anti-narcotics projects were effective.

55. Mrs. MACHADO QUINTELLA (Brazil) said that Brazil welcomed the growing cooperation among United Nations agencies in implementing the System-Wide Action Plan and believed that UNIDO had its part to play in implementing projects to develop economic sectors and generate job opportunities in place of activities linked with the illegal production of drugs. It wished to call upon those countries in a position to do so to offer voluntary contributions to the Organization so as to enable it to strengthen its activities in that area. It should, of course, be borne in mind that UNIDO's first objective was the promotion of industrial development in the developing countries and that its role in efforts to promote drug abuse control must therefore always be a supporting one.

56. Mr. PUTHO (Thailand) said that his country was convinced that a balanced strategy aimed at reducing both demand and supply was required if drug abuse control was to be effective. He doubted if UNIDO could carry out such a strategy on its own, but believed that it could make a greater contribution to international efforts aimed at reducing the supply of drugs. The units in the UNIDO Secretariat dealing with chemical industries, including pharmaceutical industries and agro-industries, could play an important part in that connection.

57. The drug trade, although illegal, gave high returns, and suppliers were unlikely to reduce cultivation without sufficient incentives to cultivate substitute crops, which would have to yield a higher profit than the narcotic plants. His Government therefore supported UNIDO's intention to broaden its contribution to drug abuse control by covering crop substitution in the developing countries. In fact, the first pilot project of that sort had been successfully implemented in his country and was accepted by the United Nations as a model for crop substitution programmes in other regions.

58. To assist in reducing the supply of drugs, UNIDO might, inter alia, undertake technical cooperation projects relating to the utilization of narcotic plants in the pharmaceutical and fine chemical industries, the development of processed agro-industrial products with high additional value, using alternative crops, and the creation of competitive agro-industrial complexes in developing countries. The conversion of opium alkaloids into recognized pharmaceutical products and the cultivation and processing of medicinal aromatic plants into finished products could be usefully supported by UNIDO. UNIDO should also cooperate with and seek financial support from UNDCP, and Thailand wished to urge the Member States concerned, especially those where the consumption of narcotic drugs was highest, to consider making voluntary contributions to UNIDO in order to strengthen its capacity to support international efforts aimed at drug abuse control.

59. It was mentioned in document IDB.12/4, paragraph 8, that the UNDP-financed project focusing on quality aspects in the pharmaceutical industry of Thailand might have a potential for supporting drug control efforts. It should not be understood, however, that that project was focused solely on drug abuse control. It was institution-building in nature and aimed at strengthening the capability of the pharmaceutical industry in Thailand as a whole. The expertise provided under the project to the Pharmaceutical Technology Service Centre in Bangkok could enhance the capability of its staff to carry out all laboratory testing activites, including the detection of psychotropic substances contained in pharmaceuticals.

60. Mr. ARASTOU (Islamic Republic of Iran) said that cooperation between agencies and Member States and regional or subregional cooperation among Member States themselves was of critical importance in tackling the problem of drug control. His Government was particularly concerned by the position of countries through which illegal drugs transited. His own country, for example, was on the routes followed by illegal drugs from Afghanistan to Europe and to the CIS countries, and it would welcome assistance from UNIDO and UNDCP to tackle the problems of the whole subregion. As far as regional cooperation was concerned, it believed that UNDCP and UNIDO might be able to assist it and other countries through the regional economic cooperation organizations.

61. Mr. POPESCU (Romania) said that Romania recognized the importance of the role UNIDO could play in drug abuse control and was very interested in implementing the Plan. Referring to paragraph 7 of the report, he welcomed the importance given to clean technologies, waste management and environmental conservation. He had previously expressed support for the UNIDO/UNEP joint programme to set up national cleaner production centres, and he welcomed UNIDO's proposal to complement the ongoing activities of the project on environmental protection management in the Black Sea by promoting cleaner production technology in countries bordering on the Black Sea. The centre envisaged for cleaner technology had the full support of his Government, which would be prepared to have its headquarters established in Romania.

62. Mrs. TAMAYO DE ARNAL (Bolivia), commending the Secretariat on its excellent work, said that Bolivia particularly welcomed the restructuring efforts made, since it had recently begun to restructure its own bureaucracy so as to place the country on a sound economic basis which would lead to sustainable development. Bolivia fully supported UNIDO's activities to promote clean technologies and hoped that the Organization would continue to assist Member States in their search for capital to finance their development activities. It agreed that in the activities undertaken to promote drug abuse control, special attention should be paid to investment in infrastructure and in the development of high-return agro-industrial products.

63. What seemed most needed was a vision of overall sustainable development in producer countries in which conditions likely to generate alternative income and encourage the growth of productive activities could be created. Her

Government had recently begun talks with Bolivian businessmen with a view to including them in such activities and to replacing the cultivation of the coca leaf, for example, by another crop with export value. The projects carried out by UNIDO to assist agro-industrial undertakings in Bolivia sought to improve the viability of some enterprises in the region of Chapare, but did not at present cover all the needs of the region.

64. Bolivia had informed the international community of its commitment to the struggle against illicit drug trafficking. It had also put forward a clear strategy for replacing the economy that generated that traffic by another which would promote the comprehensive development of the areas in which surplus coca leaf was being produced. It wished to appeal to all friendly Governments and financial institutions to support its efforts and believed UNIDO should continue to include the topic under discussion in its provisional programme for the next session, so that the Board might follow the way in which activities developed.

65. Ms. TCHEKNAVORIAN-ASENBAUER (Managing Director, Industrial Sectors and Environment Division) thanked all speakers for their support and promised that her Division would do its best to improve the programme as it developed. Turkey had indeed helped UNIDO a great deal by organizing a most successful training programme on medicinal and aromatic plants. She hoped that the programme could be repeated with the generous assistance of Turkey. She thanked the European Union for its support and expressed her readiness to make the evaluation reports it had mentioned available to it or to others.

66. She assured the representative of Brazil that the programme was in harmony with UNIDO's main objective of industrialization. UNIDO was not simply working on crop substitution, but was helping to develop the industrial infrastructure and to promote rural industrial development. The quality control project in Thailand was a direct contribution to drug abuse control, and UNIDO was endeavouring to develop the country's quality control capacity to enable the Government to control the quality of the drugs and their medical use. The importance of well-established quality control capacity at the national level should be emphasized. She welcomed the progress made in the project and hoped that it would expand. It might perhaps be possible to hold a regional meeting in Thailand to allow for a further exchange of information and possibly to set up a training programme with the Thai Government.

67. She expressed her interest in the point made by the representative of Iran concerning regional cooperation. It would most probably be very useful to develop a regional programme with UNDCP and to include the question of drug abuse control in it. UNIDO could not of course take any new steps without prior discussion with UNDCP, the lead agency for drug abuse control.

68. Referring to the statement by the representative of Romania, she said that with the assistance of financing from Denmark and the Netherlands, the clean technology centre project was to be launched; one centre might be set up for the Mediterranean and another for the Black Sea. The latter would complement the ongoing project on environmental protection management in the same region, considering the dimension of industrial aspects and preventive measures. She expressed her gratitude to the representative of Romania for his generous offer.

ELECTRONIC DATA-PROCESSING PROGRAMME OF UNIDO (IDB.12/7)

69. Mr. VAN RAALTE (Managing Director, Administration) reminded the Board that a full briefing had recently been held with Member States. No new developments had occurred since then. UNIDO had, on 29 March, signed an agreement with IAEA whereby UNIDO would meet its computer needs through outsourcing from IAEA. The arrangement would be cheaper than the previous one, which had involved the lease-purchase agreement of UNIDO's own mainframe. UNIDO would not now purchase the central processing unit, but only peripherals such as disks, tapes, telecommunication controls, printers, etc. Any savings resulting from the new arrangement, for example on the lease of the CPU, would be redeployed to activities such as facilitating Member States' access to UNIDO's database, as well as improving UNIDO's own access to databases all over the world, installing the infrastructure needed to enable UNIDO to join the United Nations Integrated Management Information System, improving training and supporting end-users of the computer system in UNIDO and setting up an infrastructure for distributed processing, i.e. the decentralized use of computers.

70. UNIDO would keep Member States informed of any new developments concerning the recommendations of the consultants and auditors and was ready to provide them with any additional information they requested.

71. The PRESIDENT suggested that the Board take note of the information provided by the Secretariat.

72. It was so decided.

The meeting rose at 1 p.m.